



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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April 14, 2020

TO: Agency Directors
Statewide Elected Officials
Presidents of Higher Education Institutions

FROM: David Schumacher
Director

SUBJECT: BUDGET SAVINGS AND REDUCTIONS

As in other states and countries hard hit by the global COVID-19 pandemic, Washington's economy has been largely idled in recent weeks. While it is not possible to project the full impact of the coronavirus response on our economy, we know the fiscal fallout from the economic downturn will be significant.

Because state revenue collections are expected to fall sharply this year, Governor Inslee has directed the Office of Financial Management to identify savings to offset revenue losses this biennium. Therefore, I am writing to ask you and your staff to immediately begin working with your [assigned OFM budget analyst](#) to identify savings and potential reductions in your operating budgets for all accounts in fiscal years 2020 and 2021. Suggested ways to find savings include:

- Identify under-expenditures, premium adjustments and efficiencies
- Use other funds in lieu of General Fund-State whenever possible
- Reduce programs
- Delay implementation of programs
- Delay the hiring of employees wherever possible
- Identify programs or services that do not meet your core mission
- Look for opportunities to immediately realize savings through program changes that you anticipate proposing in your 2021-23 budget requests.

In addition, please find savings from activities that have been diverted to the state's COVID-19 response and provide the information to your OFM budget analyst. Remember that agencies may not overspend their appropriations to fund COVID-19 activities. (See [OFM Memo](#) dated March 31, 2020.)

I also ask that you start planning now for an exercise to identify reductions in your agency budgets. Steep revenue drops may require a direct and immediate response to capture significant cuts and savings in all accounts that can be included in a second supplemental budget for the current biennium and the 2021-23 biennial budget.

Thank you for your attention to this important task. We appreciate your hard work, creativity and care to identify ways to reduce your budgets for the challenging economic times ahead.

cc: Agency Budget Officers
OFM Budget Analysts